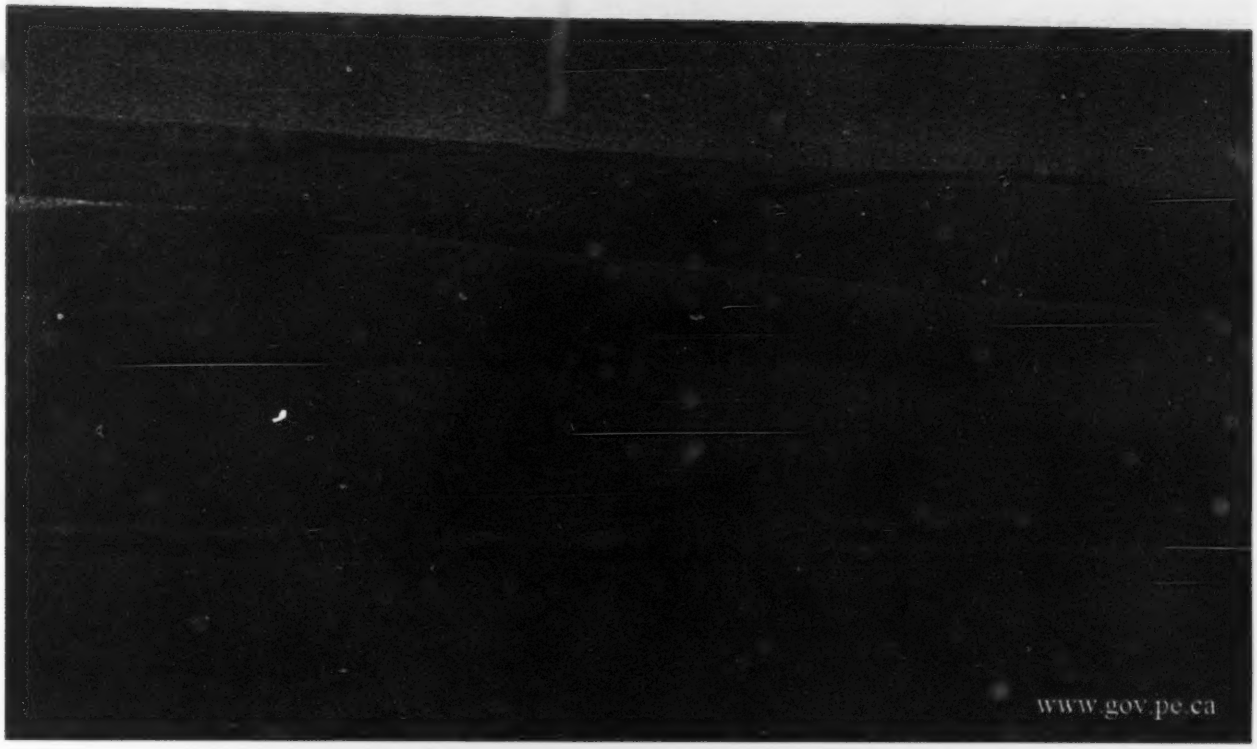

Prince Edward Island
CANADA

Department of Agriculture

Annual Report 2009-2010

PRINCE EDWARD ISLAND
DEPARTMENT OF AGRICULTURE,

Annual Report
2009-2010

"...the growth of sustainable, prosperous farming enterprises."

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Prince Edward Island Department of Agriculture
Charlottetown, Prince Edward Island, 2010

To the Honourable Barbara Hagerman
Lieutenant Governor of Prince Edward Island

Madam:
I have the honour to submit herewith the 2009/2010 Annual Report of the Department of Agriculture.

I have the Honour to be, Madam,
Your obedient servant,

George Webster,
Minister of Agriculture

Ministère de l'Agriculture de l'Île-du-Prince-Édouard
Charlottetown, Île-du-Prince-Édouard, 2010

À l'honorable Barbara Hagerman
Lieutenante-gouverneure de l'Île-du-Prince-Édouard

Madame,
J'ai l'honneur de soumettre par la présente le rapport annuel 2009/2010 du ministère de l'Agriculture.

J'ai l'honneur d'être, Madame,
Votre serviteur obéissant,

George Webster
Ministre de l'Agriculture

To the Honourable George Webster
Minister of Agriculture

Sir:

I am pleased to submit this report of activities of the Department of Agriculture for the fiscal year ending March 31, 2010, along with the year-end budget summary.

The year 2009 was a difficult year for crop production. Planting was delayed because of a wet spring, and higher than average rainfall over the summer and fall led to difficult harvest conditions. Beef and hog production continued to experience major challenges.

Total farm cash receipts for 2009 were approximately $395 million. Of that, potatoes accounted for $208 million, beef cattle $17 million, hogs $11 million and dairy $71 million. Payments made under business risk management programs, including production insurance, totaled more than $36 million.

In March of 2009, the department signed a new bilateral agreement with Agriculture and AgriFood Canada. Under this five-year Growing Forward agreement, federal and provincial governments will invest close to $25 million in projects to support research and innovation, on-farm conservation projects and business risk management. Other initiatives were undertaken in the areas of food safety.

The Alternative Land Use Services program, which provides payments to landowners in recognition of the ecological gods and services they provide, was offered province-wide and its scope was broadened.

The department signed a Memorandum of Understanding with the other three Atlantic provinces to strengthen co-operative efforts to support the industry.

Under the Agricultural Flexibility Fund offered by Agriculture and Agri-Food Canada, the department undertook a new $9.9 million initiative for on-farm renewable energy production and the development of biofuels.

In cooperation with the Department of Tourism and the Prince Edward Island Potato Board, a very successful new promotional campaign was launched in key markets to increase potato sales.

With the establishment of a speciality oil production plant in the province, the department supported research and development in new crops such as crambe.

The department has also partnered with a number of other departments and agencies in the formation of the Culinary Alliance, an organization to promote local food products. The successful Buy PEI campaign was also continued.

The Prince Edward Island AgriFood Alliance, an industry-led organization to support the implementation of the report of the Commission on the Future of Agriculture and Agri-Food, was incorporated in October of 2009. The department is providing on-going support for the work of the Alliance.

The department remains committed to the sustainable development of the agriculture and food industry in the province. The strategic plan was updated during the year to provide a greater focus on key department priorities.

Respectfully submitted,

Brian Douglas
Deputy Minister

Honorable George Webster
Ministre de l'Agriculture

Monsieur,

Je suis heureux de soumettre le présent rapport d'activités du ministère de l'Agriculture pour l'année financière se terminant le 31 mars 2010 ainsi que le sommaire budgétaire de fin d'exercice.

L'année 2009 a été une année difficile en ce qui concerne les cultures agricoles. Les semences ont pris du retard en raison de l'abondance de pluie au printemps et les quantités de précipitations plus élevées que la moyenne au cours de l'été et de l'automne ont donné lieu à des conditions de récolte difficiles. La production bovine et porcine continue toujours à éprouver d'importantes difficultés.

Le total des recettes agricoles pour 2009 se chiffre à environ 395 millions de dollars. De ce montant, les pommes de terre représentent 208 millions, les bovins de boucherie 17 millions, le porc 11 millions et les produits laitiers 71 millions. Les fonds versés en vertu des programmes de gestion des risques de l'entreprise se chiffrent à plus de 36 millions de dollars.

En mars 2009, le ministère a signé une nouvelle entente bilatérale avec Agriculture et Agro-alimentaire Canada. Dans le cadre de l'accord quinquennal Cultivons l'avenir, les gouvernements fédéral et provinciaux investiront près de 25 millions de dollars dans des projets afin d'appuyer la recherche et l'innovation, des projets de conservation à la ferme et la gestion des risques de l'entreprise. D'autres initiatives ont été entreprises dans le domaine de la salubrité alimentaire.

Le Programme de services de diversification des modes d'occupation des sols, qui verse des fonds aux propriétaires fonciers pour reconnaître les biens et services écologiques qu'ils fournissent, a été offert à la grandeur de la province et sa portée en a été élargie.

Le ministère a signé un protocole d'entente avec les trois autres provinces de l'Atlantique pour renforcer les efforts de coopération afin d'appuyer l'industrie.

En vertu du Fonds de flexibilité pour l'agriculture offert par Agriculture et Agro-alimentaire Canada, le ministère a entrepris une nouvelle initiative de 9,9 millions de dollars pour la production d'énergie renouvelable à la ferme et le développement de biocarburants.

En collaboration avec le ministère du Tourisme et le Conseil de la pomme de terre de l'Île-du-Prince-Édouard, une nouvelle campagne de promotion très efficace a été lancée sur les marchés clés afin d'augmenter les ventes de pommes de terre.

À la suite de l'établissement d'une usine de production d'huiles de spécialité dans la province, le ministère a contribué à la recherche et au développement de nouvelles cultures telles que le crambe.

Le ministère s'est également associé à un certain nombre d'autres ministères et organismes pour la création de l'Alliance culinaire, une organisation qui fait la promotion de produits alimentaires locaux. Le partenariat Saveurs de l'Î.-P.-É. vise à augmenter le tourisme culinaire, à promouvoir les produits locaux et à élargir la gamme de produits d'exportation.

L'Alliance agro-alimentaire de l'Île-du-Prince-Édouard, une organisation dirigée par l'industrie en vue d'appuyer la mise en oeuvre du rapport de la *Commission on the Future of Agriculture and Agri-Food*, a été constituée en société en octobre 2009. Le ministère offre un appui constant pour épauler le travail de l'Alliance.

Le ministère poursuit son engagement envers de développement durable de l'industrie agricole et alimentaire dans la province. Le plan stratégique a été mis à jour au cours de l'année afin de mettre davantage l'accent sur les priorités clés du ministère.

Le tout respectueusement soumis,

Brian Douglas
Sous-ministre

Department of Agriculture

2009-2010 Expenditure and Revenue Summary

Division	Original Budget	Revised Budget	Actual Expenditure/ Revenue
EXPENDITURE BUDGET			
Corporate & Financial Services	$13,596,300	$16,447,100	$15,173,914
Agriculture Resource Division	$9,971,600	$7,669,500	$7,288,732
Agriculture Policy & Regulatory Division	$5,002,000	$5,433,100	$5,460,655
PEI Analytical Labs	$1,371,100	$1,366,300	$1,359,374
Total	**$29,941,000**	**$30,916,000**	**$29,282,675**
REVENUE BUDGET			
Corporate & Financial Services	$4,379,300	$4,735,300	$5,198,502
Agriculture Resource Division	$859,000	$305,000	$294,642
Agriculture Policy & Regulatory Division	$213,900	$202,900	$142,974
PEI Analytical Labs	$468,300	$452,300	$431,260
Total	**$5,920,500**	**$5,695,500**	**$6,067,378**
TOTAL NET	**$24,020,500**	**$25,220,500**	**$23,215,297**

Based on Financial Reports of July 14, 2010

Division Overview

Corporate and Financial Services

The mandate of the division is to support the effective management of the department through the delivery of key corporate services. In this capacity, the division works closely with the minister's office and other divisions within the department.

The Corporate and Financial Services Division provides financial, human resource, and administrative services to departmental personnel in:

- Financial management
- Staffing / classification
- Staff development
- Payroll and benefits
- Records Management
- Administrative support services
- Records information services

The division is also responsible for the administration of the following income support programs under the Growing Forward Business Risk Management Suite: AgriStability, AgriInvest, AgriInsurance and AgriRecovery.

During the year the department has been working in partnership with the Prince Edward Island Public Service Commission enhancing employee services in areas of career planning, mentorship and a corporate orientation to government program. A highly skilled professional workforce is necessary to achieve the strategic goals of the department. To ensure that staff have the appropriate skills, the department continues to support staff with opportunities to address knowledge and skill gaps. Employees were supported in a number of areas including leadership development, continuing education and professional certification.

The Finance and Administration Division continued to focus on providing quality corporate services to its departmental clients. The department has continued its commitment to best practices in the area of performance management by fully utilizing the Learning Through Feedback tool mandated by government.

The position establishment remains stable with 94 full-time employees and 17 part-time employees.

Position Establishment (as of March 31, 2010)

	Full Time	Part Time	Total
Minister's Office	4	0	4
Corporate & Financial Services	29	10	39
Agriculture Resources	31	3	34
PEI Analytical Laboratories	13	1	14
Agriculture Policy & Regulatory	17	3	20
Total	94	17	111

In addition to the above established permanent positions, the department employed 14 students and 63 casual employees.

Farm Income Risk Management Section

The Farm Income Risk Management section of the department supports Prince Edward Island agriculture through the delivery of federal/provincial agricultural safety net programs. Delivery of these program is done through the Agricultural Insurance Corporation (AIC), a crown corporation.

The package of safety net programs which were offered in 2009 is part of the Growing Forward initiative and are designed to assist producers to reduce the impact of income or production losses on their farms. The suite of program administered through AIC are:

- Net Income Stabilization Account (NISA) - terminated in 2003 with criteria set up to phase it out by March 2009.
- AgriInsurance (AI) formally Crop Insurance or Production Insurance (PI).
- Canadian Agricultural Income Stabilization (CAIS) program which provided whole farm margin based support from 2003 to 2007.
- AgriStability - replacing CAIS; effective with the 2007 support year.
- AgriInvest - a savings account program similar to NISA; effective with the 2007 year.
- AgriRecovery - a disaster assistance program; effective with the 2008 year

The department also provided additional funding for the AI program through:

- Nutrient Management Plan discount

- Elite Seed Potato Quality Improvement Program;
- Soil and Water Conservation Program (dammar/dyker); and
- Bacterial Ring Rot Program

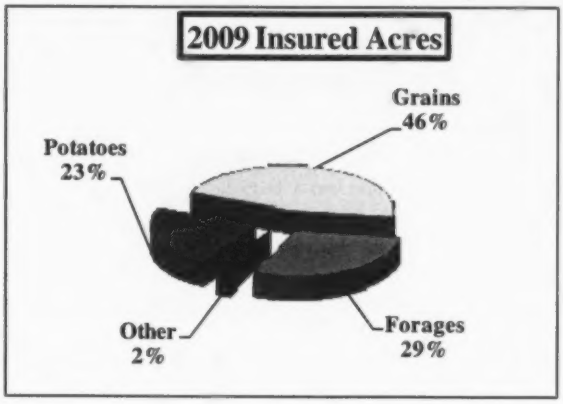
2009 Production Season

The 2009 year was another challenging year for producers and for the Agricultural Insurance Corporation. Spring planting got off to an early start but was delayed by rain in mid May, however, the majority of crops were planted before the deadlines set in the Production Insurance agreement. Good growing conditions in June and July allowed the crops to get established and early indications were for above average yields. However, there was significant rainfall throughout the growing season which promoted fusarium, blight and other disease problems.

In mid September through until late October the Island received a significant amount of rainfall. The heavy clay soils in the west end of the province became saturated and never had an opportunity to dry, thus making the potato harvest very slow, expensive and difficult. Much of the crop went into storage wet and covered with soil. Dirty tubers made it difficult to pick out rot and other problems, thus resulting in significant losses due to ventilation and storage problems and diseased tubers. Total losses under the Production Insurance Program reached $19.8 million making 2009 the second highest loss year, in PI history (back to back, high loss years).

Production Insurance Program (PI)

The standard production insurance guarantees were again offered for potatoes, cereals, beans, rutabagas, cole crops, blueberries, apples, corn silage, strawberry and carrots. In 2009, premium rates rose sharply because of the high loss year in 2008. (2008 Indemnity payments of $20.7 M - 2008 premium income of $11.9 M; loss ratio 1.74) The corporation's reserve fell, thus increasing the loading of premium rates for self-sustainability. Even with the higher premium rates in 2009, participation increased from 234,542 acres to 251,767 acres (+7.34%). Insurance on potato acres was up 789 acres (+1.38%) while grain acres rose 14,143 acres(+13.88%). The insured value of all crops rose from $136 M to $164 M (+20.59%).



In 2009 $18 M was collected in premiums and $19.8 M was paid out for losses (loss ratio of 1.02). The 2008 year was the highest single payout year in the history of the corporation ($20.7 M) and 2009 was the second highest year. The 2009 year did continue to deplete the reserve but not to the same extent as 2001 or 2008. (2001 L/R 3.62; 2008 L/R 1.74; 2009 L/R 1.02). Although the 2001 year was the highest loss year with a loss ratio of 3.62, the corporation only paid out $10.6 M in losses ($2.94 M collected in premiums).

In 2009 the corporation held meetings with the Prince Edward Island Grains and Protein Council, the Potato Board and other farm organizations in order to get feedback on the production insurance programs from producers and from the industry. One major concern identified by the Grains and Protein Council and the Potato Board was the low unit prices being offered for the grains and potato crops. As a result, the corporation negotiated an agreement with the federal and provincial governments to change the methodologies used to establish unit prices for grains and potatoes. These changes allowed the Corporation to offer prices for grains and protein crops equal to 100% of the Winnipeg forecast and to offer potato prices based on actual market prices provided by the Potato Board.

These changes saw unit prices on these crops rise by +28.5%. Producers took advantage of these higher prices in 2009, with 84% of the grain acres and 77% of the potato acres being insured at the new unit prices. This was the major factor that drove up the insured value of crops by 20.59% in 2009.

Insurance for grains and protein crops was up 14,143 acres to an all time high of 115,969 acres. The number of soybeans acres insured showed the greatest growth with 33,867 acres in 2009, up from 18,235 acres in 2008 (+85.7%). Losses were high on most of the cereal crops while soybeans and corn continued to have low losses. The overall loss ratio for grains and protein crops was 1.81. The Whole Farm option was again offered for cereal grains but overall participation was low.

The wheat crop again incurred high losses in 2009. The corporation insured 27,959 acres of wheat (27,321 in 2008) with 60% of the 2009 crop grown and insured as milling wheat. The wet weather during the growing season again caused high toxin levels in most of this crop and indemnity payments reached $3.2 M., a loss ratio of 4.72. At harvest a micotoxin level of 1 p.p.m. was set by the milling wheat buyers and a large percentage of the harvested crop was unable to meet this standard. Later in the season the micotoxin level for milling wheat was increased to 2 p.p.m. and some additional inventory was sold in to this market. However, the grain that could not be sold as milling wheat moved in to the feed wheat market, but the industry was reluctant to purchase this high toxin grain. As a result, the corporation wrote off a large percentage of the crop and paid for losses on 70% of the wheat contracts. The micotoxin problems did not affect many of the other cereal and protein crops.

The Forage Plan was again offered with insured acres up slightly to 72,699 acres and an insured value of $10.478 million. Movement away from drought protection for pastures and green manure crops and to the higher Forage Plus coverage for hay and silage crops was again evident. This is a trend that the corporation expected to see with this plan. Due to the excessive moisture in September and October there was again significant wheat losses so the proxy crop payments reached $749,698. Total indemnity payments reached $838,824. Loss ratio for the plan was 0.77.

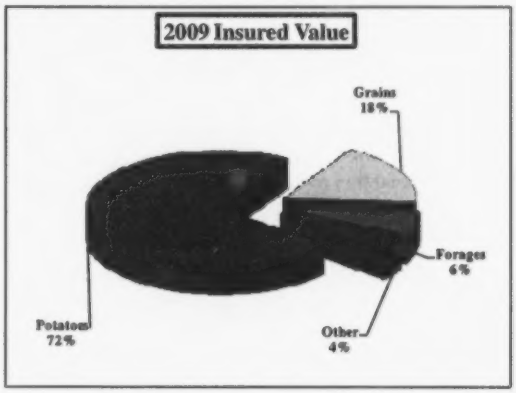
In 2009, a new plan was developed for crambe in response to a request from Nature Crops International for insurance coverage on specialty oil crops. There were 14 growers who selected coverage under this plan with $21,097 collected in premiums and $12,550 paid out for production shortfalls.

There continued to be interest in potato insurance with 57,671 acres of potatoes insured. This is about 68% of the total 2009 production. 90% coverage was again very popular with 73% of the total acres insured at this level. 89% of the potato acres were again insured with coverage greater than 80%. This high coverage level combined with the higher unit prices offered in 2009 drove up the insured value for the potato crop to $118.4 M (+25.9%) and this represented 72.3% of the total insured value for all crops. Participation in and demand for the potato program continues to grow. Total potato premiums collected were $13.4 M and total indemnity payments for potato losses reached $13.8 M.

Acreage in the Elite Seed program was up 1,860 acres or 54%. This portion of the potato program is very popular and with the provincial discounts that are offered on the premiums and for participation in the nutrient management and soils and water conservation programs, the plan is very affordable to producers. Total premiums collected for the plan were $3.5 M with $3.089 M paid out for crop losses in 2009.

Livestock insurance was introduced in February 2009. Two plans were offered to the dairy sector as a pilot project and to launch the program. A business interruption program for loss of milk production and a cattle mortality program were developed. These programs were created from sa program offered in Nova Scotia but modified for Prince Edward Island and to qualify for federal/provincial cost sharing. Although participation was poor in 2009, it is expected that interest in the program will grow over time.

Reinsurance coverage for the 2009 crop was again purchased through AON Benfield at a cost of $2.27 M. Re-insurance coverage began at $20.7 M in losses with 35% coverage and ended with 100% coverage at $64.5 M.. With 2009 losses at 19.8 M the Corporation was just under the trigger point and did not generate a claim with re-insurance. In March 2010 the Corporation again purchased coverage for the 2010 crop with 100% coverage from 22.7 M to $69.3 M. Cost for the 2010 coverage will be $2.5 M. Re-insurance costs are built in as a loading to premium rates and this coverage insures producers that the corporation can cover all losses in the event of major crop loss without asking for government assistance or borrowing capital.



Other Production Insurance program are listed below:

- Potato Storage plan
- Unharvested Potato Acreage benefit
- Bacterial Ring Rot program

Again in 2009 the provincial government offered discounts in the Production Insurance program as a way to support and encourage producers to participate in programs offered by the department. These discounts have a proven track record of promoting participation in the programs and the corporation appreciated the departments support and commitment to the Production Insurance program.

Provincial Contributions in 2009 were :

Provincial Cost Share of Premiums	$5,336,066
Elite Seed Quality Improvement Discount	$ 385,445
EFP and Nutrient Management Planning Discount	$ 395,609
Soil and Water Conservation Discount	$ 110,566
Total	**$6,227,686**

Canadian Agricultural Income Stabilization - CAIS

AgriStability

The CAIS program was terminated with the completion of the 2006 program year and was replaced with the AgriInvest and AgriStability programs in 2007 under the new Growing Forward initiative. AgriInvest was created as a savings account and funding allocated for Tier#1 support under CAIS and AgriStability was transferred to fund this program. AgriStability was created to replace CAIS and to continue to provide margin support for declines greater than 15% of the Reference Margin. During 2009, livestock commodity prices continued to fluctuate while grain prices remained at high levels, pushed by the increased emphasis on corn production in the USA and the demand for ethanol production. High prices for grain and protein crops drove production of milling wheat, soybeans and edible soybeans to all-time highs.

During 2009 the potato industry continued to experienced high fertilizer costs, average yields, high cullage and storage losses. High tablestock prices continued in to the early part of 2009 but by harvest time the price had fallen to just over $10.00 per cwt. High input costs, declining prices and losses of inventory could trigger AgriStability payments for the 2009 year.

As of March 31, 2010 the AgriStability program had paid $66.4 M in benefit payments for the 2003 to the 2007 program years. In addition, approximately $6 M had been paid for the 2008 program year with processing 80% complete.

AgriInvest

The AgriInvest program was created with the introduction of a $600 million Kickstart program announced by the federal government in March 2007. The Kickstart funding was a federal only one time payment to create a savings account program for producers. These funds went out to producers in early 2008.

Difficulties getting the AgriInvest program operational delayed the 2007 program payment so benefits did not flow until late 2008. AAFC took over the delivery of the program and the requirement for matching deposits was waived for 2007 in an attempt to get the program going and money out to producers. The program continued to be delivered by AAFC for the 2008 year with producer deposits being paid in to an account held in Winnipeg. Plans are in place for producers to open accounts at their local banks so 2009 funding can be accessed locally. As of May 02, 2010, P.E.I producers have received $11,347,082 from AgriInvest.

AgriInvest: Value of Contributions

KickStart Funding	$6,700,000
2007 AgriInvest	$3,165,225
2008 AgriInvest	$1,481,849

AgriRecovery

Due to the extremely wet year in 2008 the province applied for AgriRecovery assistance to help potato producers recover from the rot and yield losses to the 2008 crop. In total, $10.7 million was paid to potato and horticulture producers; $1.366 M was paid out in the 2008 and the remainder of the support was sent to producers in early 2009.

Although there were excessive moisture problems again in 2009 the province did not apply for AgriRecovery funding.

AgriRecovery :

Fall Program -	
Destruction and Disease Mitigation	$ 780,883
Potato offset Program	$ 585,510
Horticulture Inventory Payment -	
Inventory Payment	$ 2,289,514
Cleaning & Disinfection	$ 2,214,320
Cullage Adjustment Program -	
Cullage Adjustment	$ 4,918,243
TOTAL	*$10,788,473*

PRODUCTION INSURANCE PROGRAM Yield Based Insurance Program						
CROP YEAR	**Farms (#)**	**Contracts (#)**	**Acres (#)**	**Coverage ($)**	**Premiums ($)**	**Indemnities ($)**
2009/10	537	1,646	179,069	153,229,901	17,009,675	19,038,046
2008/09	514	1,499	162,795	126,176,105	11,010,861	19,617,667
2007/08	489	1,408	146,550	99,034,912	8,702,899	8,206,092
2006/07	472	1,385	137,409	93,150,070	8,580,444	5,948,068
2005/06	462	1,290	134,695	82,436,522	8,031,589	2,619,409
2004/05	453	1,247	132,617	84,240,427	7,539,786	4,424,492
2003/04	394	1,110	104,050	62,689,055	5,182,358	1,788,735
2002/03	352	985	87,523	50,368,610	5,003,599	925,680
2001/02	291	980	72,639	42,964,609	2,938,440	10,640,171
2000/01	335	886	66,985	37,773,815	2,770,575	2,669,051
1999/00	194	477	45,627	35,853,391	2,188,217	2,519,035
1998/99	176	396	37,721	25,099,340	1,486,431	1,706,544

Note: PI premium cost share in 2009 was: 36% federal, 28% provincial, 36% producer
High cost coverage: 20% federal, 40% provincial,40% producer

BACTERIAL RING ROT PROTECTION					
Year	**Farms (#)**	**Potato Acres Insured**	**Insured Value ($)**	**Premiums ($)**	**Indemnities ($)**
2009/10	10	4,945	603,915	30,195	0
2008/09	10	5,236	680,053	34,002	0
2007/08	12	6,323	747,848	37,392	0
2006/07	18	6,960	923,044	46,152	0
2005/06	15	5,908	764,593	38,229	0
2004/05	11	5,682	806,725	40,336	52,000
2003/04	17	6,369	986,266	49,313	0
2002/03	14	4,481	682,242	34,112	48,000
2001/02	10	3,433	461,358	23,068	0
2000/01	9	2,759	389,973	19,499	0
1999/00	12	3,578	505,286	25,264	0

Note: The Prince Edward Island Department of Agriculture contributed 33 per cent the Bacterial Ring Rot Protection premiums

PRODUCTION INSURANCE PROGRAM Weather Based Forage Program						
CROP YEAR		**Contracts (#)**	**Acres (#)**	**Coverage ($)**	**Premiums ($)**	**Indemnities ($)**
2009/10		803	72,698	10,478,675	1,084,884	838,825
2008/09		820	71,747	10,060,000	928,052	1,259,642
2007/08		884	87,030	11,815,444	1,080,599	436,373
2006/07		845	84,492	10,999,973	1,004,049	1,538,585
2005/06		926	93,768	11,749,621	1,056,518	743,059
2004/05		649	70,991	8,714,008	522,841	2,513,673

AIDA/CFIP/CAIS Income Disaster Assistance			
CLAIM YEAR	**Qualifying Applicants**	**Average Payment per Applicant**	**Total Payments**
AgriStability			
- 2008 claim year	598	$37,849	$5,904,512
- 2007 claim year	635	$34,603	$5,986,246
CAIS - 2006 claim year	719	$29,099	$9,515,494
- 2005 claim year	798	$30,096	$8,065,607
- 2004 claim year	864	$48,676	$22,828,976
- 2003 claim year	898	$36,591	$20,083,057
CFIP - 2002 claim year	205	$46,309	$9,493,439
CFIP - 2001 claim year	209	$42,823	$8,950,187
CFIP - 2000 claim year	235	$31,226	$7,338,146
AIDA - 1999 claim year	246	$27,490	$6,762,715
AIDA - 1998 claim year	251	$25,040	$6,285,064

* *Total payments are cost-shared 60 per cent by Canada and 40 per cent by Prince Edward Island.*
* *CAIS and Agristability average payments are calculated from those producers who qualified for a benefit payment and not the total qualifying applicants*
* *Payments stated as of May 2010*

NET INCOME STABILIZATION ACCOUNT				
Year	**(#)**	**Provincial Contribution ($)**	**Withdrawals by producers ($)**	**Account Balances ($)**
2004/05	241	5,799	24,000,000	14,793,694
2003/04	819	1,6,73,699	20,878,784	37,822,568
2002/03	923	1,589,901	9,989,970	50,128,568
2001/02	887	1,605,152	12,589,008	44,999,235
2000/01	888	2,686,024	10,885,480	47,634,097
1999/00	862	2,671,162	7,618,444	41,257,786
1998/99	816	2,331,105	8,795,028	33,846,019
1997/98	745	2,042,700	4,149,699	28,029,100
1996/97	707	1,873,700	1,476,727	19,523,000 9,658,000
1995/96	638	790,000	510,765	

Notes:

**Provincial contribution is 2 per cent of eligible net sales plus provincial share of the interest bonus.*

**Canada contributes two times the amount the province contributes to NISA annually.*

**Program terminated* in 2003. *Producers to close accounts by March 2009.*

AGRIINVEST ACCOUNT				
Support Year	**(#)**	**Total Contribution ($)**	**Producers With Account Balances**	**Value of Account Balances**
Kickstart	1006	6,700,008		
2007	923	3,165,225		
2008	542	1,811,352	1,036	5,513,923

Note: Kickstart program announced in March 2007 - $600,000,000

Federal, one time only payment of Kickstart funding

Provincial share $6 m

Savings account requires producer deposit to trigget federal/provincial matching funds

Deposit waived in 2007 but required in 2008.

ELITE SEED POTATO QUALITY IMPROVEMENT PROGRAM (ESPQIP)				
Program	**Applicants (#)**	**Acres (#)**	**Average Payment per acre ($)**	**Total Amount ($)**
2009 - PI Premium Assistance	48	5,254	73.36	385,445
2008 - PI Premium Assistance	31	3,394	48.64	165,114
2007 - PI premium Assistance	26	2,650	38.97	103,280
2006 - PI Premium assistance	32	2,820	37.38	105,428
2005 - PI assistance[1]	22	1,933	42.41	81,975
2004 - PI assistance[2]	14	1,239	35.16	43,563
2003 - CIP assistance[3]	26	1,857	18.40	34,160
2002 - CIP assistance[4]	25	3,024	22.17	67,034
2001 - CIP assistance[5]	68	6,652	51.28	341,155
- /acre pmt	40	1,438	600.00	862,977
2000				
Virus Reduction - CIP assistance	108	6,269	63.03	395,164
Seed Incentive/acre	39	1,433	600.00	860,181

Notes:

In 2006, 2007, 2008 and 2009 the department paid 10% of the producer premium costs.

[1] PI assistance was 11% of total premiums which reduced the producer cost for the Elite Seed Plan from 36% to 25%.

[2] PI assistance was 9% of total premiums which reduced the producer cost for the Elite Seed Plan from 34% to 25%.

[3] CIP assistance was 8% of total premiums which reduced the producer cost for the Elite Seed Plan from 33% to 25%.

[4] CIP assistance was 8.33% of total premiums which reduced the producer costs for the Elite Seed Plan from 33.33% to 25%.

[5] CIP assistance is additional subsidy up to $75/acre for crop insurance premiums.

The per acre incentive was $600/acre for specified varieties and seed classes that were dead by August 12.

Environmental Farm Plan (EFP)/ Nutrient Management Plan Discount (NMP) Soil and Water Conservation Program (dammar/dyker)(S&W)			
Year	**Applicants (#)**	**Average Payment ($)**	**Total Amount ($)**
2009 NMP S & W	123 34	3,211 3,252	395,001 110,565
2008 EFP NMP S&W	282 145 32	344 950 1,705	96,995 137,784 54,587
2007 EFP NMP	286 40	530 1000	151,731 40,030
2006 EFP NMP	335 40	418 570	140,359 22,835
2005 EFP NMP	330 40	465 643	153,277 25,723
2004	385	565	217,796
2003	315	425	134,039

Note: The department introduced an Environmental Farm Plan (EFP) discount in 2003 for those producers in crop insurance who completed an EFP training course. The discount is a reduction to producers' premiums. This initiative supported the department's emphasis on environmental farm planning and helped to promote the EFP program within the farming community. In 2005 the discount was extended to the Nutrient Management program and the discount was divided between the two plans. In 2008, a Soils and Water Conservation discount was introduced for those producers who used a dammar/dyker on potato ground. In 2009 the EFP and NMP discounts were combined.

Agriculture Resource Division and Analytical Laboratories Division

The Agriculture Resource Division and the Analytical laboratories Division provides programs and services to the agriculture industry in the areas of agricultural development, laboratory services and sustainable resources management.

The **Agriculture Information work unit** assists new and established farmers with agriculture advice, business development programming, and product development information. A major focus of the unit is the Future Farmer Program, the PEI Flavours - Buy PEI Program and the Canada-PEI Business Development Program. Staff serve as one of the first point of contact for the 2,000 inquires received annually through the Agriculture Information Centre. Staff are responsible for the department website, a bi-weekly department e-letter, and agriculture statistics.

The **Sustainable Agriculture Resources Section** offers technical advice to farmers and landowners in the areas of soil conservation, integrated pest management, nutrient management, manure management, fuel and pesticide storage, deadstock composting, efficient use of water for irrigation purposes, and the provision of real time weather data in support of other department initiatives. This section is responsible for the Canada/PEI Agriculture Stewardship Program which provides financial and technical assistance to Island agriculture producers and land owners to solve specific environmental issues identified in their environmental farm plan.

The **Agriculture Innovation work unit** assists producers and agri-processors to be successful by focusing on innovative and value -added opportunities, by supporting agricultural organizations, and by providing agricultural advice. Priorities of the work unit are to develop new and innovative agricultural business ideas and move them forward, and to maintain commodity expertise and production specialities.

Prince Edward Island Analytical Laboratories Division is an amalgamation of the dairy, soil and feed, and the water chemistry and microbiology laboratories. The amalgamated laboratory reports to both the Department of Agriculture and the Department of Environment, Energy and Forestry. The amalgamated laboratory performs a range of chemical and microbiological analyses on environmental and agricultural sample types including animal feed, milk, seed, soil, and water.

Prince Edward Island Analytical Laboratories is accredited by the Standards Council of Canada in compliance with ISO/IEC 17025. The laboratory received its first accreditation approval in 1997 and has been increasing its scope of accredited programs ever since. The laboratory was successfully reassessed for its accreditation in February 2010. The laboratory is also accredited for seed germination with the Canadian Food Inspection Agency and the Canadian Seed Institute.

Agriculture Policy and Regulatory Division

The Agriculture Policy and Regulatory Division has a wide ranging mandate, which includes federal/provincial agricultural policy and trade issues; administration of industry development programs; on-farm food safety; potato quality and plant health; Marketing Council; supply and non-supply managed commodity liaison; domestic and foreign trade; research; marketing legislation; traceability; horse development; community pastures; emergency preparedness; and foreign animal disease.

The Agriculture Policy and Regulatory Division works in partnership with general agriculture and agri-food organizations, provincial commodity organizations and educational institutions in the development and implementation of industry-led strategies that address short and long term critical issues and create wealth for the agri-food sector in a sustainable fashion.

Key Goals

Goal #1 - Sustainable Growth of Agriculture

This goal recognizes that industry growth results from successful, profitable and sustainable enterprises in a market-led environment. This rests on the continued sustainability of key sectors in the primary industries and ongoing research and development for all resource sectors. The department works closely with the industry, other government departments and businesses to encourage the production and marketing of new and expanded products, value-added growth and identification of new opportunities for diversification.

Strategies

Staff of the Agriculture Policy and Regulatory Division coordinated, in co-operation with industry and Agriculture and Agri-Food Canada, a range of trials at the Harrington Research Farm designed to define the characteristics of a number of new oilseed crops for production in the province.

The Inter-Departmental Biofuels Committee (IDBC), chaired by the Deputy Minister of Agriculture, continued to receive staff support from the division during the past year. Areas of involvement included perennial grasses for renewable energy, the Canadian Bioenergy Forum and the National Bioeconomy Network meetings.

Two new initiatives were developed by staff over the past year which are funded through a cost-sharing agreement between the provincial and federal governments called the Agricultural Flexibility Fund. The Renewable Energy Initiative and the Bioeconomy Crops Initiative were announced in January and began accepting applications on March 29th, 2010. Further details on these programs will follow under the other goals.

Prince Edward Island continues to lead the Atlantic region in standardbred horse production, raising approximately 60 percent of the foals within the region. Over one-third of the province's yearly production will subsequently be sold outside the region during their racing career. Prince Edward Islands continue to lead the country in new horse ownership and has experienced significant increases in the number of horse racing and total purses.

The department supports the identification of new products, processes and services that respond to market opportunities and result in increased diversification. The department continues to support the development of high quality, high value products in all sectors. This includes a focus on innovation and the development of strategies to support the expansion of organic production. Projects to evaluate new crops, new uses for crops, new technologies and new approaches to marketing include the following programs and endeavors.

- The department has extended the Beef Industry Initiative for a one year period to assist producers address the current crisis in the sector. Producer uptake remains strong on the developmental programs, including enhanced herd health for the cow-calf sector, handling facilities and a genetic incentive for farms wishing to buy or retain superior replacement heifers.

- The Organic Industry Development Program, designed to accelerate the adoption of certified organic production and processing technology in Prince Edward Island is entering its final year. The number of certified producers and processors has doubled, growing from 31 to 60, and the acreage of certified land has grown from under 1,500 acres to over 5,000 acres.

- The program assisted producers to expand production of food-grade quality grains and oilseeds for the domestic and international markets. The funding stimulated growth in the number of small scale primary and secondary processing operations including organic potato packaging lines, grain cleaning and processing, sprout production, and fruit processing. In addition, the funding assistance for the purchase of specialized equipment for weed management has reduced a reliance on manual labour and allowed producers to expand production.

"PEI Flavours - Buy PEI" continued to gain momentum since it was first announced in the spring of 2008. The program has focused on market promotion, identifying Island products and motivating consumers to purchase them. In late 2009, the Departments of Agriculture, Fisheries, Aquaculture and Rural Development and Tourism partnered with industry to establish the Prince Edward Island Culinary Alliance. The Alliance serves to facilitate the development of innovative and sustainable food industry partnerships, culinary experiences and promotional programs that serve as a catalyst for increased consumption of Prince Edward Island food products on-Island, increased tourism visitations to Prince Edward Island and increased export sales of food products. The Alliance has adopted the brand, "PEI Flavours: Where Food and Culture Come to Life."

The Agri-Food Market Development and the Agri-Food Promotion programs provide funding to highlight the variety of locally grown food. The department received 102 applications and approved over $140,000. Projects funded training, advertising, promotions, signage, and value added initiatives. Training workshops were organized for direct marketers and consumers. Promotional emphasis was placed on social marketing with the Farm Fresh website, an on-line ad with a media outlet and digital advertising at various locations across the province. Other more traditional media and print advertising included the Farm Fresh Directory newspaper ads, posters, bus shelter ads, ads in the Tourism handbook and the Restaurant and Menu Guide, farmer profiles, "What's in Season" radio ads and CBC television ads.

Department staff were involved with the creation of the PEI Flavours Trail. The trail was launched during the summer of 2010 and incorporated farmers, fishers, markets, restaurants, experiences and events into one booklet which assisted consumers to locate local products and places that sell them. To complement the Flavours Trail guide and the PEI Farm Fresh website, a new PEI Flavours website was created. This is a one-stop resource for all things food on Prince Edward Island.

The department partnered with Prince Edward Island Potato Board and the Department of Tourism on a new marketing initiative branded as Pack Your Appetite for Prince Edward Island Potatoes. The initiative strategically served to promote Prince Edward Island potatoes to the Ontario and Quebec retailers/consumers earlier in the marketing season, while simultaneously promoting the province as a culinary tourism destination. The major component of the campaign was in-store promotion and advertising. With the use of a PIN number on the Pack Your Appetite logo on an estimated three million bags, consumers could enter a on-line contest where two winners each received an all exclusive potato culinary vacation for four to Prince Edward Island. In addition, weekly draws of grocery certificates helped to keep interest up for the duration of the campaign. The Royal Agricultural Winter Fair in Toronto was chosen as the location to launch the campaign. The on-line contest was very popular with over 114,000 entries received from 51,000 people. The data collected for the entries provided valuable information regarding shopping preferences and consumer behavior. The data will be used in the development of future strategies to entice consumers to buy Prince Edward Island potatoes.

In cooperation with industry organizations and other departments, the department identifies new opportunities for crop and livestock production, and new uses for products and by-products including bio-fuels and bioactive compounds. The department will continue to develop linkages with research and development initiatives in areas such as biosciences and food technology.

The Agriculture Research Fund assisted and encouraged farmers, industry associations and agri-business to pursue short term applied research to yield economic benefits to the province's agriculture industry.

Some of the research being conducted under the program includes:

- a trial in the sheep industry on the use of slatted floor hog barns for sheep production
- evaluation of hazelnut varieties for climatic suitability
- potato research in the areas of late blight, variety trials and PVY
- weevil control in cranberries
- stocking rates for alfalfa leaf cutter bees
- value-adding forages for the equine market

The Agriculture Innovation Program provides assistance for producers and agri-business to develop value-added products, evaluate new technologies and explore diversification options for their operations. Program uptake for the Agriculture Innovation Program was strong.

The department has allocated resources to support agriculture information services, with special emphasis on the Future Farmer Program and new entrants. The department recognizes the need and importance for ongoing skills development and business planning.

- In 2009/10, 96 producers participated in the Future Farmer Program. The new entrants were assisted by staff advisors who provided agriculture advice and assisted with identifying appropriate training and learning opportunities.

- Quarterly newsletters focused the spotlight on participants and department programs.

- Training workshops were organized for Future Farmers; workshop topics included financial management, business development and marketing.

- The program partnered with the Prince Edward Island Young Farmers Association on several events providing beginning farmers with the opportunity to hear from guest speakers on communications and marketing.

The department provided skills training, business practices assessment, and business planning assistance for farmers under the Canada-PEI Business Development Program. Five sub-programs are designed to enhance the ability of farmers to respond to change and to facilitate the development of sound business practices.

The Department of Agriculture had a strong presence at Old Home Week 2009 with a Celebrate PEI Agriculture display which filled a 40' x 90' area of the Trade Centre. Its purpose was to connect Islanders and tourists with the story of agriculture and Island farmers. The display incorporated education, hands-on, and information areas to tell the agriculture story. Highlights included Missy the Cow, Listen to the Bugs, Island innovation stories, and an Island produce display.

Goal #2 - Effective Risk Management and Increased Industry Stability

Producers face a great deal of uncertainty because of factors such as the weather, diseases, invasive species, market fluctuations and other factors over which they have little or no control. Helping the industry deal with uncertainty is the major goal of risk management strategies. The stability of the industry is critical if it is to continue to grow and develop, improve profitability and encourage investment.

Strategies

Supported by the department, Marketing Council acts on behalf of the people of Prince Edward Island and supervises the creation and operation of producer boards, commissions and groups that regulate and control the production, sale, processing, marketing, transportation and pricing of natural products.

During four regular meetings held the past year, Council's main focus included monitoring activities of commodity boards and commodity groups to ensure they were in general compliance with the Act and regulations; developing critical amendments to the *Natural Products Marketing Act*; developing amendments to the Hog Commodity Marketing Regulations, the Poultry Meat Commodity Marketing Regulations and the Dairy Farmers of Prince Edward Island Regulations; adjusting the producer Class 1 milk component prices and wholesale fluid milk product prices; and setting bulk milk transportation rates.

Monitoring activities include reviewing reports that highlight commodity board minutes, audited financial statements, annual reports and other reports received from boards. Council representatives also attended annual and other meetings of commodity boards and commodity groups.

Staff maintained regular participation in meetings of the federal-provincial Agricultural Trade Policy Committee. This committee facilitates federal-provincial and interprovincial exchange, as well as, provincial contributions to the federal government on agricultural trade policy issues, including bilateral and multilateral trade negotiations and agreements. An important item on the trade agenda is the current negotiations between Canada and the European Union concerning a Comprehensive Economic and Trade Agreement. Of particular interest to Prince Edward Island is the potential to reduce both tariff and non-tariff trade barriers for agriculture and food goods.

The department continued to promote increased participation in safety net programs including production insurance and to help iden-

tify business risk management tools and strategies.

- Departmental staff continued to promote the importance of nutrient management planning by initiating four percent discounts on production insurance premiums to those producers participating in nutrient management split field trials.

- Incentives were also provided to producers participating in the Canada-PEI Business Development Program towards the costs associated with production insurance and the Agristability program.

Goal #3 - Strengthen Environmental Stewardship Practices

The primary industries depend on the health and quality of the environment. Protection of the health and quality of soil, air and water resources, and maintaining biodiversity are priorities for industry, government, and the public. Improved environmental stewardship results from a combination of policy, legislation, information, services and incentives.

Strategies

The new Bioeconomy Crop Initiative is designed to allow farmers to pursue emerging market opportunities by producing crops for the bioeconomy while working to improve the environmental sustainability of the province. The purpose of the Bioeconomy Crop Initiative is to identify the economic and environmental benefits of crops that will serve as platforms for the development of the provincial bioeconomy. The eligible crops under this program have been selected for the role they can play in mediating environmental concerns of all Islanders – soil erosion and increasing levels of nitrates in drinking water.

The department continues to support industry efforts by providing applicable policy, technical assistance, and financial support for on-farm conservation and the implementation of best management practices and technologies that protect soil, air and water quality and that enhance biodiversity.

- The Canada/PEI Agriculture Stewardship Program provides technical and financial support to Island producers to implement Beneficial Management Practices that will reduce environmental risks that could be imposed by their farms. In 2009/10, 204 projects were completed under the program allocating $1,164,000 of program support.

- The department continued its involvement with other provincial government departments in developing a response to each of the recommendations in the report of the Commission on Nitrates in Groundwater. The department, in cooperation with the Agriculture Insurance Corporation, provided technical support and financial incentives which resulted in increased nutrient management activities among agriculture producers. In total, 120 producers participated in split field nutrient management trials. The department has remained active in fertility research that will fine tune fertility recommendations for various crops/varieties grown on Prince Edward Island. The department continued its training and verification of fertility recommendations provided by private sector nutrient management planners. The department has been involved in software development primarily for nutrient management accountability with the capability of including environmental farm plan, management plan, record keeping, and food safety records required by agri-businesses and governments.

The laboratory continued to provide timely and accurate analysis on dairy, feed, soil and water samples. This division purchased and installed state-of-the-art instrumentation including a Mass Spectrometer and a Bactoscan. The Mass Spectrometer allows the laboratory to detect concentrations at the part per trillion level. The Bactoscan measures bacteria in milk by staining individual DNA cells. Results from these and the other existing technologies help to enable producers to make informed management decisions on farm.

In recognition of the benefits that accrue to society through environmental stewardship, the establishment of an ecological goods and services pilot project was developed for implementation to occur in 2010. This project will produce measurable results at a watershed scale.

- The two-year Prince Edward Island Ecological Goods and Services Pilot Project, completed in 2009, led to the creation of the province's Alternate Land Use Services (ALUS) program. The ALUS program financially rewards producers to retire environmentally sensitive high slope land, to enhance buffer zones, to maintain fence lines, to establish treed riparian areas and offers payments for land utilized by soil conservation structures and grassed headlands which are not required by buffer zone legislation. The departments of Agriculture and Environment, Energy and Forestry partner in the delivery of the program. Annually. $1M is committed to the program. To date, the program has received 300 applicants which directly impact approximately 5,000 acres of land.

Goal #4 - Improve Food Safety, Traceability and Quality

Improvements in food safety and quality are critical to ensure market access and to help support the differentiation of Island products in the marketplace. This is achieved through food safety legislation, regulations and policy, emergency preparedness and traceability systems which support market demands for quality assurance. Food quality initiatives and labeling will help support the development of products that are recognized and rewarded in the marketplace.

Strategies

The Agriculture Policy and Regulatory Division is administering the Food Safety, Biosecurity and Traceability program. In 09/10, funding was provided to two sectors to provide producer training on their national on-farm food safety programs. The Prince Edward Island Horticultural Association conducted 34 workshops as well as consultative farm visits on the CanadaGap Potato program for the potato industry. The Prince Edward Island Cattle Producers also offered producer training sessions and conducted awareness events on the national Verified Beef Production program. Under the Implementation Assistance sub-program, 114 farm units accessed cost-shared funding to purchase food safety and traceability items in order to meet national program requirements.

The division continues to participate in numerous federal/provincial/territorial (FPT) committees that are developing strategies to ensure a consistent national approach to key industry issues. The FPT Traceability Task Team is working with national livestock and poultry organizations on implementation plans that will provide the information needed in the event of an animal disease outbreak. The FPT Food Safety Committee has developed a strategy to enhance the level of food safety in Canadian agricultural products. Participation in these committees and others such as emergency management, biosecurity and animal health ensures that the department has input into national decisions.

The department continues to work closely with all sectors of the industry to ensure food safety systems and standards in production and processing are implemented along with appropriate surveillance and traceability systems.

The Honey Bee Capped Queen Cell and Mated Queen Importation program has enabled beekeepers to introduce strong, younger queens to support colony health.

The department continues to work with the wild blueberry industry to identify strategies to focus on fields which will be most profitable through a period of depressed prices. A blueberry profitability workshop provided an opportunity for participants to work

through various scenarios and the potential profit margins which may result from each. As well, the department's Monilinia Blight monitoring service continued to be a useful tool for timely fungicide application, potentially reducing the traditional two-application program to one application per season.

Goal #5 - Promoting Industry Self-reliance

The sustainable growth and development of the agriculture and food industry rests on the development of strong enterprises that are focused on market opportunities and that remain competitive. The department recognizes that producers need to strengthen their position in the marketplace. The provincial government is committed to creating an environment that helps enterprises excel. Increased industry self-reliance is achieved through greater efficiency, innovation and entrepreneurship.

Strategies

The department continues to assist industry organizations, including the Federation of Agriculture and the National Farmers Union, to become more self-reliant. The *Farm Registration and Farm Organizations Funding Act* provided for secure stable funding for farm organizations. The funding helps the organizations with costs associated with advocating on behalf of the farmers and their businesses, and for providing services and opportunities to their members. A Department of Agriculture staff person serves as the registrar of farms.

The department works with industry and other partners to develop and deliver research, information and education, and training programs to enhance innovation and competitiveness. It supports and encourages individuals in all sectors of the industry to improve their level of skills and knowledge.

- Pesticide Certificate Renewal through continuing education has proven to be very popular with the agricultural community. The department works with industry and other partners to develop and deliver training programs to improve skills and knowledge in relation to the application of pesticides. With knowledgeable presenters who have varied training styles, information is tailored to the needs of the group with a focus of keeping pesticide applicators up to date on new products and changes to regulations. Participation in this program more than doubled in one year.

- The department delivered many workshops and short courses for producers including the International Potato Technology Expo and an Innovation in Agriculture workshop for producers looking to learn more about moving innovative ideas from imagination to commercialization.

The dairy industry in Prince Edward Island has been able to maintain a consistent number of producers as a result of a combination of programs. This is a significant change from the long term trend of losing large numbers of producers each year. The Atlantic Young Breeders School was hosted on Prince Edward Island and was an intense three day course for young dairy enthusiasts. The event included classroom sessions, on-farm sessions and a practical group project.

The department examined new opportunities for regional cooperation in agriculture initiatives.
Department staff, along with representatives from the other Atlantic provinces, were involved with coordinating a food stakeholder forum held in Moncton, November 2009, with participation from government, regional retailers, primary producers and the processing sector. The forum's purpose was to examine the potential for establishing an Atlantic Canada brand.

The Renewable Energy Initiative that was launched this past year is designed to provide producers with some energy independence and protection from the volatile costs of traditional energy sources. The program is for farm operations and involves an on-farm en-

ergy audit to help identify energy efficiency opportunities and providing direction in the development of on-farm renewable energy production. Source of renewable energy generation may be solar, biomass, wind or anaerobic digestion.

The department has worked closely with all sectors of the industry and with groups of producers to encourage greater cooperation in the development of new products and markets.

11/3/10

Why do we film a voltage test?

To check the effect of the lights on text that's printed on different colored paper. We really don't care what the density is on a colored page if there is no text.

What are we looking for?

The density of the background should read between .90 and 1.15, depending on the quality of the print. If it reads much lower than that the positive copy will be too dark and the print won't show up. If it's much darker than that, depending on the size and clarity of the text, the positive will be too light and the print will be burned out.

What sort of pages do we use for the test?

Chose pages that have different color or shades of paper. Look for a variety of print quality and anything else that may cause a problem. When choosing the pages, look for ones that have large blank spots or wide margins to facilitate placing the densitometer sensor on the exposure.

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